

**TESTIMONY  
OF  
FLORA “GRANDMA” GREEN  
NATIONAL SPOKESPERSON  
ON BEHALF OF THE SENIORS COALITION  
BEFORE THE SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND  
CONSUMER CREDIT  
COMMITTEE ON FINANCIAL SERVICES  
U.S. HOUSE OF REPRESENTATIVES  
HEARING ON “FAIR CREDIT REPORTING ACT: HOW IT FUNCTIONS  
FOR CONSUMERS AND THE ECONOMY”**

**JUNE 4, 2003  
WASHINGTON, DC**

Chairman Bachus, Ranking Minority Member Sanders, and distinguished Subcommittee members, my name is Flora Green, but most everyone knows me as Grandma Green. I am the national spokesperson for The Seniors Coalition. I commend you, Mr. Chairman, for your leadership in convening this hearing. On behalf of The Seniors Coalition, I appreciate the opportunity to present seniors' views on the national credit reporting system that has evolved under the Fair Credit Reporting Act and how it serves consumers and strengthens our economy.

The Seniors Coalition is the nation's leading free-market senior education and advocacy organization. We are four million strong and are growing stronger every day. Our mission is to empower seniors to speak with a united voice and significantly impact policies and decisions at the federal and state level that affect their healthcare, financial, and retirement security. By leveraging the combined strengths of grassroots organization, education, action, and communication, our members are driving positive policy changes at every level of government that improve their lives and benefit the nation as well.

### **Our National Credit Reporting System Serves Consumers and Strengthens the Economy**

It's no coincidence that we have the strongest economy in the world, even though it's not performing as well as we would all like. There are two reasons for this. One is our entrepreneurial spirit. We Americans are a bunch of practical dreamers and optimists who are willing to invest, take risks, and work hard to create something of value. My father was a farmer and businessman, so I understand how important this spirit is. The other reason for our strong economy is access to affordable credit. This includes the ability to obtain credit quickly at affordable rates to invest in and grow a business. But it also means ensuring that consumers can

get the credit they need instantly and at a reasonable cost to buy the goods and services they want. Together, business creation and credit access have helped build an economy that is still the envy of the world. We all want to keep it that way – and renewing the expiring national standards under FCRA will help ensure that we do.

There's no question that the strong, efficient national credit reporting system we have today is the direct result of the Fair Credit Reporting Act which Congress enacted in 1970 and strengthened in 1996. This law strikes a balance between the interests of consumers and business. Since it helps ensure the orderly and efficient functioning of our national credit reporting system, it is essential to the health and growth of our economy and provides other benefits as well.

The experts tell us that all the available evidence points to the fact that our system is working as intended. As a result, seniors and other consumers have convenient access to affordable credit to buy appliances, clothes, cars, and homes, and countless other items they need and want. When you consider that consumer spending last year accounted for two-thirds of our Gross Domestic Product and most purchases are made on credit, it's clear just how important our national credit reporting system truly is.

### **The Fair Credit Reporting Act Protects Seniors and Other Consumers**

The Fair Credit Reporting Act is not just vital because it has helped create a national credit reporting system that underpins our economy and ensures that it functions with maximum efficiency. It is also vital because it ensures that all Americans – regardless of their age, income,

ethnicity, and gender – can obtain access to the same opportunities that credit makes possible. What’s more, it provides consumers with some of the most important protections. I want to focus on a few of these protections and why it is critical that Congress preserve them as part of the FCRA reauthorization.

### ***Furnisher Responsibility***

The current credit reporting system protects consumers because it requires credit furnishers to adhere to uniform standards. Only when credit providers voluntarily report information that allows credit reporting agencies to create an accurate financial picture of consumers do consumers benefit. When this happens, consumers can obtain the best deal on credit at the most favorable rates.

That’s why it’s crucial that credit providers continue to report information. But some have suggested removing the current limits on credit providers’ liability and creating new private rights of action that they believe will help protect consumers. The truth is, this would have the opposite effect. It would cause many credit furnishers to stop voluntarily reporting the information they have collected because they fear legal action based on negative information reported. Without adequate or complete information to assess the risks of extending credit to a consumer, many credit providers would simply not approve credit in borderline cases or charge more to cover the higher risk. In either case, many seniors and other consumers would lose out by not obtaining the credit they need or at rates they could afford.

The Seniors Coalition favors renewal of the furnisher responsibility provision without changes.

### ***Reinvestigation Time Frames***

Errors in consumers' credit reports can result in diminished or lost access to credit or higher costs to borrowers. While the reported error rate is well under one half of one percent, errors do creep into credit reports. The FCRA requires that errors in reports be corrected at the consumer's request within thirty days. This ensures that errors are erased in a timely manner.

Some have suggested that states reduce this mandatory error correction time to twenty, fifteen or even ten days. But this could result in consumers being treated differently by credit providers in different states. In some cases, the full thirty-day period is needed to correct complicated errors. What would happen to credit if a major dispute had to be resolved in ten days instead of the current thirty days and could not be resolved? Surely, this could result in accurate information being deleted due to lack of sufficient time for proper investigation. This would reduce the value of the credit report and national credit reporting for all consumers, increasing costs. The Seniors Coalition supports maintaining the current reinvestigation time frames to protect consumers.

### ***Affiliate Sharing***

Allowing affiliates to share information about customers, in many cases, has helped customers in low and middle income households with less-than-perfect credit scores obtain credit when they need it. Without this provision, many of these customers would be denied access to credit.

This information sharing also helps combat and foil identity theft. Seniors, in particular, are frequent targets and victims of identity theft. By requiring a customer to present a current, valid picture ID (such as a driver's license or passport) and checking that information against information contained in the credit bureau report, many attempts at identity theft are thwarted. Even when perpetrators of identity theft elude detection and credit is approved, affiliates can still help catch these criminals. By looking for changes in purchasing patterns – such as a change from small purchases to a spending spree – affiliates can often expose identity thieves.

The Seniors Coalition favors renewing this provision to ensure the availability of credit for customers with less-than-perfect credit and to protect seniors, consumers, and companies from losses due to identity theft.

### **Congress's Failure to Renew FCRA's Expiring National Standards Would Hurt Seniors and Other Consumers**

Renewal of the expiring national standards of the Fair Credit Reporting Act should be a top and immediate legislative priority of this Committee and the Congress over the coming weeks and months. This is imperative to ensure that seniors and other consumers can continue to obtain the credit they need at rates they can afford to purchase clothes, appliances, car, homes, and a host of other goods and services.

Frankly, I doubt that many seniors – or other Americans for that matter – know that our national credit reporting system exists or works so well. Like the sun rising, turning on the light or water, we tend to take for granted those things that work well. It's only when they break down or give us trouble that we truly are aware of and appreciate them. Our national credit

reporting system is like that. It's like the Maytag washer in those old commercials, never needs repair because it never breaks down. Its hallmarks are dependability, efficiency, stability, and performance.

The only way that most Americans will ever know that the national credit reporting system exists at all is if this Committee and Congress fail to renew expiring provisions of the FCRA. If that happens and states write their own rules, consumers who know little or nothing about FCRA will demand to know why Congress did nothing to avert the financial chaos and disruptions in the economy that will result from legislative inaction. They will demand to know why they can't get credit as easily as before or why they are paying more for it.

Mr. Chairman, I ask you and your colleagues on this Committee and in Congress to renew the FCRA national standards as soon as possible to preserve our national credit reporting system and the benefits it provides to consumers, businesses, the economy, and the nation. We are all counting on you.

Thank you.